

GLOSSARY

ACCOUNTING SYSTEM: The total set of records and procedures that are used to record, classify and report information on the financial status of an entity or fund during a specific time period.

ACCRUAL BASIS: Method of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

ADOPTED BUDGET: The official expenditure plan of the City as authorized by City Council for a specified fiscal year.

AD VALOREM TAXES: Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.

ALL OTHER REVENUE: Category of revenue that encompasses revenues not otherwise included in a specific category. Examples include interest earnings, sale of materials or fixed assets, cost refunds and cost sharing arrangements.

AMENDED BUDGET: A budget that includes City Council authorized changes to the original adopted budget.

APPROPRIATED FUND BALANCE: Amount of fund balance appropriated as a revenue for a given fiscal year, to offset operating expenditures that exceed current revenue.

APPROPRIATION: An authorization from a governing body to make expenditures for a specific purpose.

ASSESSED VALUATION: The total value of real estate and personal property as determined by tax assessors which is used as a basis for levying property taxes.

AUTHORIZED BONDS: Bonds that are legally authorized to be sold, by voter or council approval, which may or may not have been sold.

AUTHORIZED POSITIONS: Employee positions, which are authorized in the adopted budget, to be filled during the fiscal year.

BENEFITS: Federal and State mandated employee benefits and other council approved programs such as health insurance.

BOND: A written promise to pay a specific sum of money plus interest within a specific period of time. The City sells bonds primarily to finance the construction of new roads or major building facilities.

BUDGET: A financial plan containing estimated expenditures and revenues to cover those expenditures for a specified period of time, usually a fiscal year.

BUDGET ORDINANCE: Legal instrument used by governing boards to establish spending authority for local governments.

BUDGET SYSTEM: The total set of records and procedures that are used to record, classify and report information on the financial plan for an entity or fund covering a specific time period.

CAPITAL BUDGET: A financial plan for projected capital projects containing estimated expenditures and revenues to cover those expenditures for a specified period of time, usually a fiscal year.

CAPITAL IMPROVEMENT: Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's infrastructure.

CAPITAL IMPROVEMENT PROGRAM (CIP): A long range plan, usually covering 6 years, which outlines proposed capital improvement projects and estimates the costs and identifies funding sources associated with those projects. The first year of this plan is included in the Annual Budget.

CAPITAL OUTLAY: Expenditures budgeted to purchase fixed assets costing \$1,000 or more with an expected useful life of at least one(1) year.

CAPITAL PROJECT: A project expected to have a useful life of 10 years or more which is estimated to cost in excess of \$100,000.

CAPITAL PROJECT FUND: A fund used to account for the receipt and expenditure of resources used to purchase or construct major capital facilities.

CONTINGENCY: Appropriations for unanticipated expenditures usually controlled by the governing board.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG): A federal domestic assistance grant administered by the U.S. Department of Housing and Community Development to develop viable urban communities by providing decent housing and a suitable living environment for persons of low and moderate income.

DEBT SERVICE: Category of expenditures for payment of principal and interest on borrowed funds such as bonds or lease-purchase payments.

DEBT SERVICE FUND: A fund used to account for resources dedicated to the payment of principal and interest on general long term debt.

DEPARTMENT: An organizational unit established by the City to perform a group of related services and activities.

DONATIONS: Category of revenue that includes revenue received from private contributions for public service expenditures.

ENCUMBRANCES: A reserve of financial resources that will be used to pay for specified goods and services that have not yet been delivered.

ENTERPRISE FUND: A fund used to account for operations in which the cost of providing services are financed or recovered primarily through user charges.

EXPENDITURES: The total amount of funds paid out by a government to acquire various goods and services.

FIDUCIARY FUND: Funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments.

FISCAL YEAR (FY): The period designated for the beginning and ending of transactions. North Carolina State Statutes sets this period as beginning July 1 and ending June 30.

FULL-TIME EQUIVALENT POSITIONS (FTE'S): The amount of staff resources dedicated to a function converted to a decimal equation related to a full time position based on 2080 hours per year. For example a part-time position working 20 hours a week would be equivalent to .5 of a full time position. This does not include positions that are not used on a regular schedule but fill in as necessary such as ticket takers or ushers at events.

FUND: A fiscal and accounting entity having revenue and expenditures that are equal.

FUND BALANCE: The amount of resources remaining in a fund when revenues have exceeded appropriations for expenditures.

GAAP: An acronym meaning "Generally Accepted Accounting Principles", which refers to a set of standard accounting rules and procedures used by governmental agencies to account for the receipt and expenditure of funds.

GENERAL FUND: A fund used to account for the overall operations of a governmental unit. Unless there is a legal, contractual or managerial requirement for separate accounting, all activities of the unit are recorded in the General Fund.

GENERAL FUND CONTRIBUTION: That portion of a department's budget which is not supported by its own revenues, but is instead supported by general revenues such as the property tax.

GENERAL FUND TRANSFER: That portion of a budget in a particular fund which is not supported by its own revenues, but is instead supported by general revenues such as the property tax.

GENERAL OBLIGATION BONDS: Bonds issued by the government usually requiring voter approval that are backed by the government's full faith and credit.

GRANTS: A contribution by a government or other organization to support a particular function or program.

HOLD HARMLESS FUNDS: Funds allocated by the state of North Carolina to local governments designed as reimbursement for net revenue losses experienced due to the elimination of previously state shared revenues.

INTER-FUND TRANSFERS: Transfers of money between distinct accounting funds as authorized by City Council.

INTERGOVERNMENTAL REVENUES: A category of revenues that are derived from other governments in the form of grants, entitlements, shared revenues or payments in lieu of taxes.

INTERNAL CHARGES: Charges for goods or services provided by one department or agency of a government to other departments within the government on a cost-reimbursement basis.

INTERNAL SERVICE FUNDS: Funds used to account for the financing of goods or services provided by one department or agency of a government to others within the government on a cost-reimbursement basis.

ISSUED BONDS: Authorized bonds that have been sold.

LEASE PURCHASE AGREEMENT: A contractual agreement to purchase, over a 5 year period, a fixed asset costing in excess of \$10,000.

LICENSES/PERMITS: Category of revenue that includes funds generated from fees established by state or local statutes. Examples include business privilege licenses, motor vehicle licenses and building permits.

MAP (Management, Accountability, Performance): MAP is the City's way of linking services we provide to the goals and results we want to achieve. Basically, it sets the vision for the City and defines the road map for our success. From MAP is a critical part of how we operate as a City and how we serve the community.

MAINTENANCE AND OPERATIONS: - - Category of expenditures for on-going service delivery costs such as telephone charges, utility charges and office supplies.

MODIFIED ACCRUAL: A method for recording the receipt and expenditure of funds in which revenues are recorded when the amount becomes measurable and available to pay current liabilities and expenditures are recorded when the liability is actually incurred.

NON-DEPARTMENTAL: Expenditures for agencies, community organizations or other purposes that are not related to a specific governmental department or division.

OPERATING BUDGET: A financial plan for providing day to day costs of delivering city services for a specified period of time, usually a fiscal year.

OTHER REVENUES: A category of revenues that account for miscellaneous revenue items not otherwise defined and typically include items such as interest income, internal service charges, donations and sale of assets.

PERFORMANCE MEASURE: Data collected to determine how effective or efficient a program is in achieving its objectives.

PERFORMANCE OBJECTIVE: A target or result to accomplish during a one-year time frame (or other time frame as noted) which is specific, measurable, realistic and consistent with overall departmental and organizational goals.

PERSONNEL COSTS: Category of expenditures for employee salaries, related taxes and benefits.

PROGRAMS - - A group of related services and activities usually performed by one organizational unit.

PROJECTED BUDGET: A planning budget that projects expenditures and revenues for some future fiscal year.

PROPERTY TAX: A tax levied on the value of real property set annually by City Council to fund general governmental expenditures. Property tax is expressed as a dollar value per \$100 of assessed valuation.

PROPERTY TAX RATE: The value expressed in the form of a dollar value per \$100 of assessed valuation that is used to generate the revenues necessary to fund governmental operations that are included in the adopted budget.

RESULT AREAS: These are areas of City government that share a common mission. The four result areas incorporate all City departments. In the past, City management discussed strategy, budgeting and reporting within each department. The five result areas created by City management are Culture, Recreation and Community Character, General Government, Infrastructure, and Public Safety.

REVENUES: The gross income received by a government to be used for the provision of programs and services.

SALES TAX: A tax levied on the taxable sales of all final goods. The State of North Carolina levies a 4% sales tax and allows counties to levy up to a 2% sales tax. Guilford County levies the full 2% sales tax and distributes the proceeds on a per capita basis with jurisdictions within the County.

SPECIAL ASSESSMENT FUND: A fund used to account for services that benefit a limited number of taxpayers.

SPECIAL REVENUE FUND: Fund used to account for revenues that must be used for a particular purpose. Special revenue funds are used only when required by law.

STRATEGIES: Strategies are developed to show how we will accomplish Result Area objectives. These are determined by people within each Result Area as they're creating their work plans.

TAXES: Category of revenue derived from statutory authority to levy compulsory charges for the purpose of financing services for the common benefit. Examples include ad valorem property taxes and sales taxes.

UNAUTHORIZED BONDS: Bonds that are projected as a likely funding source for a capital project but which have not been legally authorized by voter or council approval.

USER CHARGES: Category of revenue that encompasses fees charged primarily for the delivery or use of a public service. Examples include water and sewer charges, parking fees, admissions to facilities, rent and waste/trash collection fees.